

**TOWNSHIP OF FLORENCE  
RESOLUTION NO. 2021-138**

**RESOLUTION AUTHORIZING AMENDMENT TO SPENDING PLAN FOR THE  
DEVELOPMENT OF AFFORDABLE HOUSING IN THE TOWNSHIP OF FLORENCE,  
COUNTY OF BURLINGTON, STATE OF NEW JERSEY**

**WHEREAS**, on October 29, 2018, the Superior Court of New Jersey approved the Township of Florence's ("Township") Spending Plan for the development of affordable housing within the Township ("Spending Plan"); and

**WHEREAS**, since the adoption of the Spending Plan in 2018, the Township Council of the Township of Florence ("Township Council") has identified Project Freedom, Inc., a not-for-profit New Jersey corporation located at 1 Freedom Boulevard, Lawrenceville, New Jersey ("Project Freedom"), to develop and manage the construction of seventy-two (72) affordable housing units on property identified as Block 121, Lots 4.02 and 9 on the official tax map of the Township ("Property"); and

**WHEREAS**, the Spending Plan requires amendment to reflect changes at the municipally sponsored one hundred (100%) percent affordable housing development in accordance with the Uniform Housing Affordability Controls, N.J.A.C. 5:80-26.1 et seq.; and

**WHEREAS**, the Township Council has determined that it is in public interest to amend the Spending Plan, as set forth in the Amendment to the 2018 Spending Plan attached hereto as Exhibit "A," to reflect the new developer for the Property and change in the amount of allocated trust funds.


**NOW, THEREFORE, BE IT RESOLVED** by the Township Council of the Township of Florence, County of Burlington, State of New Jersey, that the Mayor and/or Township Administrator and Municipal Clerk are hereby authorized and directed to execute the attached Amendment to the 2018 Spending Plan for affordable housing in the Township.

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**I, NANCY L. ERLSTON**, Township Clerk of the Township of Florence, County of Burlington, State of New Jersey, do hereby certify that the foregoing is a true copy of a Resolution approved by the Township Council at a meeting held on June 16, 2021.

  
Nancy L. Erlston, RMC  
Township Clerk

RESOLUTION 2021-138  
"SCHEDULE A"

2021

# Amendment to the 2018 Spending Plan

Florence Township, Burlington County, New Jersey

ADOPTED June \_\_\_\_, 2021



Clarke Caton Hintz

## Introduction

Florence Township received substantive certification from the Council on Affordable Housing (“COAH”) in accordance with the Fair Housing Act and the regulations of COAH for its First and Second Round Housing Element and Fair Share Plans on July 1, 1992 and April 7, 1999, respectively. The Township submitted a Third Round Plan to COAH in December 2008 to comply with the second iteration of COAH’s Third Round rules (*N.J.A.C. 5:97*) and received substantive certification on July 8, 2009. The Township amended the Third Round certified Plan in April 2010 for submission to COAH. Subsequently, the Township filed a Declaratory Judgment action in Superior Court on July 8, 2015. On December 21, 2017, the Court approved a Settlement Agreement between the Township and Fair Share Housing Center (FSHC), executed by the parties on November 22, 2016 and amended on December 19, 2017. The Settlement Agreement included the Township’s preliminary Third Round compliance mechanisms. The Township adopted an amended Third Round Housing Element and Fair Share Plan in August 2018 that reflected the terms of the Settlement Agreement, and that included a Spending Plan. The Court entered a conditional Judgment of Repose on October 29, 2018 that approved the 2018 Spending Plan.

The Township adopted a development fee ordinance which was approved by COAH on February 3, 1993 creating a dedicated revenue source for affordable housing. The ordinance established Florence Township’s affordable housing trust fund. The Township’s first Spending Plan was approved by COAH on August 4, 1993. The amended Spending Plan, which reflected the April 2010 Third Round Plan amendment, was approved by COAH on August 10, 2011. As noted above, the Court approved the Township’s 2018 Spending Plan by Order of October 29, 2018.

This updated 2021 Spending Plan is being prepared to reflect changes at the proposed municipally sponsored 100% affordable development on Route 130 at Hornberger Avenue that is part of the Township’s Court-approved 2018 amended Third Round Housing Element and Fair Share Plan, including a new developer and a change in the amount of allocated trust funds.

As of March 31, 2021, Florence Township had collected a total of \$8,116,357.45 in development fees, interest, and other income. It had spent a total of \$5,228,445 on affordable housing activities and affordability assistance, and \$664,493.47 on



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administrative costs, leaving a balance of \$2,223,418.98. All development fees, payments in lieu of construction, "other" income, and interest generated by the fees are deposited in a separate interest-bearing affordable housing trust fund account at BB&T, 700 Delaware Ave., Roebling, N.J., for the purposes of affordable housing. These funds will be spent in accordance with *N.J.A.C. 5:93-8.16*, as described in the sections that follow.

In accordance with the Township's agreement with FSHC, the expenditures of funds contemplated under the FSHC agreement constitute a "commitment" for expenditure pursuant to *N.J.S.A. 52:27D-329.2* and *-329.3*, with the four-year time period for expenditure designated pursuant to those provisions beginning to run with the entry of a final judgment approving this settlement in accordance with the provisions of *In re Tp. Of Monroe*, 442 N.J. Super. 565 (Law Div. 2015) (aff'd 442 N.J. Super. 563). On the first anniversary of the execution of the FSHC agreement (November 22, 2018), and every anniversary thereafter through the end of the FSHC agreement, the Township will provide annual reporting of trust fund activity to the New Jersey Department of Community Affairs (DCA), COAH, or Local Government Services (LGS), or other entity designated by the State of New Jersey, with a copy provided to FSHC and posted on the municipal website, using forms developed for this purpose by DCA, COAH, or LGS. The reporting shall include an accounting of all housing trust fund activity, including the source and amount of funds collected and the amount and purpose for which any funds have been expended.

Most recently, trust funds have financed eight market-to-affordable units, the rehabilitation of 14 age-restricted rental units at the Roebling Inn senior complex and initial development costs at the Hornberger municipal site described below. The Township anticipates providing funding for the proposed construction of a four-bedroom group home on Block 31, Lot 1, where the Township has already expended housing trust funds on the demolition of the existing home on the parcel and the costs for environmental clean-up of the site.

This revised 2021 spending plan is submitted to the Superior Court of New Jersey for approval to expend current and future affordable housing trust fund monies, as necessary, to finance construction of a 100% affordable family/special needs rental development, known as the Hornberger municipally sponsored site, to be developed and managed by Project Freedom, an experienced developer of affordable and special-needs housing. The project will provide a total of 72 affordable units, for a total of 78 credits as set forth below. The 54 affordable family rental units included in the project comprise six very low-income units (including two two-bedroom and four three-bedroom units), 32 low-income units,





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and 16 moderate-income units. In addition, the project will include 18 very low-income special-needs units, including 12 one-bedroom DDD/MH units and six two-bedroom DDD units. The six two-bedroom DDD units will be occupied by unrelated individuals, providing a total of 12 special-needs bedrooms, allowing the Township to claim a total of 78 affordable housing credits for the project.

A developer's agreement between the Township and Project Freedom was executed on April 21, 2021, with an amendment to the agreement anticipated to be approved by the Township on June 16, 2021, which committed the Township to provide a total of \$1,050,000 to the project. This Township funding commitment includes \$450,000 in subsidies to help create the six family very-low income units (two two-bedroom units and four three-bedroom units, all serving households earning 30% or less of the regional median income), thus addressing the Township's statutorily-required affordability assistance, and to providing an additional \$600,000 in subsidies to help defray Project Freedom's pre-development expenses for the project.

### Revenues for Certification Period

To calculate a projection of revenue anticipated during the balance of the Third Round (2021-2025), Florence Township considered the following:

- (a) Development fees: \$1,425,000.00
  - 1. Residential and nonresidential projects which have had development fees imposed upon them at the time of preliminary or final development approvals;
  - 2. All projects currently before the planning and zoning boards for development approvals that may apply for building permits and certificates of occupancy; and
  - 3. Future development that is likely to occur based on historical rates of development.
- (b) Payments in lieu (PIL) of construction: \$0

Actual and committed payments in lieu (PIL) of construction from developers. No revenues from PILs are expected over the remaining Third Round period.



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(c) Other funding sources: \$0

Funds from other sources, include, but are not limited to the sale of units with extinguished controls, repayment of affordable housing program loans, rental income, and proceeds from the sale of affordable units. Florence Township does not anticipate future funds from this category at this time.

(d) Projected interest: \$37,958

Based on the current average interest rate, interest earned in recent years, and projected rates of development fee revenue, Florence Township anticipates collecting \$37,958 in interest through 2025.

### Source of Funds – Housing Trust Fund April 2021 through June 2025

Year Source of Funds		4-12/ 2021	2022	2023	2024	1-6/ 2025	Total
Projected Residential Development	\$2,223,418.98 STARTING BALANCE (April 2021)	\$79.4k	\$105.9k	\$105.9k	\$105.9k	\$52.9k	\$450k
Projected Non- Residential Development		\$172k	\$229.5k	\$229.5k	\$229.5k	\$114.5k	\$975k
Interest		\$10.4k	\$6.7k	\$6.8k	\$6.9k	\$7.0k	\$38k
<b>Total</b>		<b>\$261.8k</b>	<b>\$342.1k</b>	<b>\$342.2k</b>	<b>\$342.4k</b>	<b>\$174.5k</b>	<b>\$1.463m</b>

Florence Township projects a total of \$1,462,958 in revenue to be collected between April 2021 and June 2025, from residential and non-residential development fees and accrued interest. Projected residential development fees of \$450,000 are based on a combination of past development fee receipts and the housing projections contained in Table 23 in the Housing, Demographic, and Employment Analysis at Appendix A of the 2018 Housing Element and Fair Share Plan. The Spending Plan projects \$975,000 in non-residential



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development fees to be generated. All interest earned on the account shall accrue to the account to be used only for the purposes of affordable housing.

### Administrative Mechanism to Collect and Distribute Funds

The following procedural sequence for the collection and distribution of development fee revenues shall be followed by Florence Township:

(a) Collection of development fee revenues:

All collection of development fee revenues will be consistent with local regulations which follow COAH administrative models for both residential and non-residential developments and in accordance with *N.J.S.A. 40:55D-8.1* through 8.7.

(b) Distribution of development fee revenues:

The governing body reviews a request for expenditure for consistency with the spending plan and adopts the recommendation by resolution.

The release of funds requires the adoption of the governing body resolution. Once a request is approved by resolution, the Chief Financial Officer releases the requested revenue from the trust fund for the specific use approved in the governing body's resolution.

### Description of Anticipated Use of Affordable Housing Funds

(a) Rehabilitation and Housing Activity (*N.J.A.C. 5:93-8.16(a)*):

Rental Rehabilitation Program: The Township will set aside \$1,221,000 of its municipal trust funds to cover the costs of rehabilitating 81 deficient rental units within the Township, occupied by low- and moderate-income households. The \$1,221,000 set-aside includes \$12,074 per unit for hard costs (major system repairs/replacement, etc.) and \$3,000 per unit of potential program administrative costs paid toward the administrative entity.

Market-to-Affordable: Florence Township's 2018 Housing Element and Fair Share Plan indicated that the Township had entered into an agreement with Salt & Light, an experienced developer and administrator of affordable homes, to provide 10 affordable rental units throughout the Township through a market-to-affordable Program. At the time of plan adoption one unit had been completed.



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The 2018 Spending Plan committed \$370,000 for the remaining nine units, which will be increased to \$879,377.

Hornberger site: Of the total Township commitment of \$1,050,000 to Project Freedom, the Township will provide \$600,000 of trust funds toward pre-development costs for development of the Hornberger municipally sponsored 100% affordable site. As of March 31, 2021, \$50,000 has been advanced to Project Freedom, leaving a balance of \$550,000 to be expended. In addition to the \$600,000 committed to Project Freedom for pre-development costs, the Township has expended trust funds for engineering studies and fees to the state Department of Environmental Protection. Also, as discussed in more detail below under Affordability Assistance, the Township will also provide a \$450,000 subsidy for the creation of very low-income family rental units at the Project Freedom/ Hornberger 100% affordable housing site.

(b) Affordability Assistance (N.J.A.C. 5:93-8.16(c))

Florence Township is required to spend a minimum of 30% of development fee revenue to render existing affordable units more affordable, and at least one-third of that amount must be dedicated to very low-income households (i.e., households earning less than 30% of the regional median income) or to create very low-income units. The affordability assistance is based upon 30% of actual and projected development fees and interest, with the exclusion of housing activity expenditures, which include funding from the affordable housing trust fund for the bond payment associated with the Regional Contribution Agreement, the Duffy new construction project, the rehabilitation of BCCAP Roebling Inn units, the completed supportive and special needs housing units and the completed market-to-affordable program units, including a portion of funding for the 220 Foundry project. The actual affordability assistance minimums are calculated on an ongoing basis based on actual revenues.





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**Projected minimum affordability assistance requirement**

Actual development fees through 3/31/2021		\$7,831,894
Actual interest earned through 3/31/2021	+	\$284,463
Development fees projected 4/2021-6/2025	+	\$1,425,000
Interest projected 4/2021-6/2025	+	\$37,958
Less housing activity expenditures per N.J.A.C. 5:93-8.16(c), including bonding for RCA payments, a rehabilitation program (BCCAP), transitional housing at 340 Alden Street; affordable age-restricted units at Duffy; pre-development expenditures at the Hornberger site, completed market to affordable units and completed supportive and special needs units	-	\$4,091,922
<b>Total</b>	<b>=</b>	<b>\$5,487,393</b>
30% requirement	x 0.30 =	\$1,646,218
Less Affordability assistance expenditures through 3/31/2021	-	\$1,136,523
<b>PROJECTED MINIMUM Affordability Assistance Requirement</b>	<b>=</b>	<b>\$509,695</b>
<b>PROJECTED MINIMUM Very Low-Income Affordability Assistance Requirement</b>	<b>÷ 3 =</b>	<b>\$169,899</b>

To date, as shown in the table above, the Township has expended \$1,136,523 in affordability assistance, directed towards the following units:

- \$196,000 for five very-low-income units at 300/320 Alden Avenue;
- \$105,272 for six very-low-income units at 340 Alden Avenue;
- \$140,000 for four very-low-income units at Oaks Integrated Care;
- \$514,175 for seven very-low-income units at the Duffy School;
- \$34,210 for four very low-income units at a group home;
- \$60,000 for three very-low-income units at Community Options;



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- \$86,866 for one very-low-income unit at 220 Foundry Street.

While Florence Township is required to dedicate a minimum of \$509,695 toward affordability assistance between April 1, 2021 and June 30, 2025, including a minimum of \$169,899 in very low-income affordability assistance, the Township will dedicate at least another \$646,000 from the affordable housing trust fund to render units more affordable, all of which will render units more affordable to households earning 30% or less of median income by region. It will do this through subsidy of six very low-income family rental units at the Project Freedom/Hornberger 100% affordable housing site, for a total of \$450,000, and subsidy of four very low-income bedrooms in a group home, for a total of \$196,000.

(c) Administrative Expenses (N.J.A.C. 5:93-8.16(e))

Florence Township may use affordable housing trust fund revenue for related administrative costs up to a 20% limitation pending funding availability after programmatic and statutory affordability assistance expenditures. The actual administrative expense maximum is calculated on an ongoing basis based on actual revenues.

While Florence Township may expend more from the affordable housing trust fund for administrative purposes, the Township anticipates expending a maximum of \$400,000 for administrative expenditures over the next four years through the end of the Third Round. Projected administrative expenditures, subject to these constraints, are as follows:

- Township Administrator, Attorney, Engineer, and Planner fees related to plan preparation and implementation;
- Full Administrative Agent duties including income qualification of households, affirmative marketing, etc.;
- Monitoring the turnover of for-sale and rental units;
- Compliance with court-ordered monitoring requirements.



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### Expenditure Schedule

Florence Township intends to use affordable housing trust funds for the creation of new affordable units, including very low-income affordable units, through the 100% affordable Project Freedom Hornberger municipally sponsored site, the scattered-site market-to-affordable program with Salt and Light, Inc., and a very low-income four-bedroom group home, as well as for the rehabilitation of up to 81 rental units. Where applicable, the funding schedule below will parallel the implementation schedule set forth in the 2018 Housing Element and Fair Share Plan and is summarized as follows:

#### Projected Expenditure Schedule April 2021 Through June 2025

Program	Units	4/21 - 22	23 - 24	thru 6/25	Total
Rental Rehabilitation	81	\$502.7k	574.6k	\$143.7k	\$1.2m
Municipally Sponsored Hornberger Avenue Site (Project Freedom): \$1,050,000 Total Township Commitment					
<i>New Construction (\$600,000 commitment less \$50,000 paid)</i>	78	\$550k	-	-	\$550k
<i>Very Low Income Affordability Assistance</i>		\$450k	-	-	\$450k
Market to Affordable	9	\$362.1k	\$413.8k	\$103.5k	\$879.4k
Group Home	4	\$196k	-	-	\$196k
Administration		\$164.7k	\$188.2k	\$47.1k	\$400k
<b>TOTAL</b>	<b>172</b>	<b>\$2.2m</b>	<b>\$1.2m</b>	<b>\$294k</b>	<b>\$3.7m</b>

### Excess or Shortfall of Funds

The Township intends to expend all current and future revenues toward the rehabilitation, affordability assistance and new construction mechanisms described in the 2018 Housing Element and Fair Share Plan and this 2021 Spending Plan, and anticipates the amount in the trust fund will be sufficient to cover these expenditures. Nonetheless, the Township previously adopted a resolution of its intent to fund, including by bonding, any shortfall in funding the Township's rehabilitation program, the market to affordable program, the



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proposed group home, or the Hornberger Avenue municipally-sponsored new construction site.

### **Summary**

The Township of Florence intends to spend affordable housing trust fund revenues pursuant to the regulations governing such funds and consistent with the amended Third Round Housing Element and Fair Share Plan. Florence Township had a trust fund balance of \$2,223,418.98 as of March 31, 2021, and anticipates an additional \$1,462,958.25 in trust fund revenues in the Third Round for a total of \$3,696,377.23. The Township will expend trust funds on a rental rehabilitation program and on the Project Freedom 100% affordable Hornberger municipally sponsored site (total Project Freedom funding commitment of \$1,050,000). The Township will provide very-low income assistance to the Project Freedom 100% affordable Hornberger municipally sponsored site and for development of a group home. A balance of \$879,377.23 will be set aside for the scattered-site market-to-affordable program. The Township also anticipates expending up to \$400,000.00 of trust funds, less than its permitted maximum, on administrative costs during the period of repose.





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Spending Plan Summary

Revenues	
Balance as of 3/31/2021	\$2,233,418.98
Projected Revenue from 4/2021 – 6/2025	
1. Development fees	+ \$1,425,000.00
2. Payments in lieu of construction	+ \$0
3. Other funds	+ \$0
Interest	+ \$37,958.00
<b>Total Projected Revenue + Existing Balance</b>	<b>= \$3,696,376.98</b>
Expenditures	
Rental Rehabilitation program (hard and soft costs)	- \$1,221,000.00
Municipally Sponsored Hornberger Site (Project Freedom): \$1,050,000 Total Township Commitment	
<i>New Construction (\$600,000 commitment - \$50,000 paid to PF)</i>	- \$550,000.00
<i>Very-Low Income Affordability Assistance</i>	- \$450,000.00
Market to Affordable Program	- \$879,376.98
Group Home	- \$196,000.00
Administration	- \$400,000.00
<b>Total Projected Expenditures</b>	<b>= \$3,696,376.98</b>